



# **Terveystalo Group Q4 & Full Year 2022 Results**

**VILLE IHO, PRESIDENT & CEO  
JUUSO PAJUNEN, CFO**

# Welcome

## AGENDA TODAY



### **Ville Iho, President & CEO**

- Financial & operational highlights
- Progress of the Alpha-Profit improvement program



### **Juuso Pajunen, CFO**

- Financial performance analysis
- Progress against financial targets
- Market outlook

# Solid revenue growth, profit improvement program well underway to address decreased profitability

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## Profitability dampened by sales mix and increase in costs

- Q4 Revenue +2% y-o-y to EUR 334.8 mill.
- Supply of appointments grew by 15% year-on-year in Q4 vs. 11% FY
- Q4 Adjusted EBITA -29% y-o-y to EUR 29.7 mill, representing 8.9% of revenue
- Profitability was impacted by a decline in COVID testing, changes in the sales mix, and increased costs.

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## High quality & preferred by customers and professionals

- Continued high customer satisfaction, 83 NPS
- Industry-leading employee satisfaction
- High clinical quality and effectiveness of care

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## Profit improvement program proceeding as planned

- High confidence in achieving our goal of an annual run-rate profit improvement of EUR 50 million by the end of 2024
  - Most of the targeted run-rate improvement is estimated to be achieved in 2023
  - The measures implemented by the end of 2022 are expected to generate an EBITA improvement of EUR 11 million in 2023
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# Solid operational performance in 2022 - Supply strengthened; profitability addressed with the ongoing program

Q4 2022 Revenue (EUR)

**334.8 Mill.**

+2% y-o-y

Q4 2022 Adj. EBITA (EUR)

**29.7 Mill.**

-29% y-o-y

Appointments

**1.8 Mill.**

+15% y-o-y

FY 2022 Revenue (EUR)

**1,259.1 Mill.**

+9% y-o-y

FY 2022 Adj. EBITA (EUR)

**105.2 Mill.**

-25% y-o-y

Appointments

**6.5 Mill.**

+11% y-o-y

of which 34% took place in remote  
channels vs. 25% in 2021

The preferred choice by customers  
and professionals

**NPS 83**

CONTINUED HIGH CUSTOMER  
SATISFACTION



Industry Best  
Hospital & Health Care

**Terveystalo**

By Health/Medicine professionals  
Finland's Most Attractive Employers 2021

Corporate ESG  
Performance

RATED BY  
**ISS ESG**

**Prime**

# Profit improvement program progressing as planned to reach financial targets and support long-term value creation

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**We made progress  
in each area  
to improve our performance  
and reach financial targets**

The program progressing as planned in our core business, aiming for industry-leading profitability in healthcare services

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Change in operating model to streamline the organization done

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Portfolio businesses focus on independent value creation

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Sweden progressing as planned and aims for significant and profitable growth in the medium term

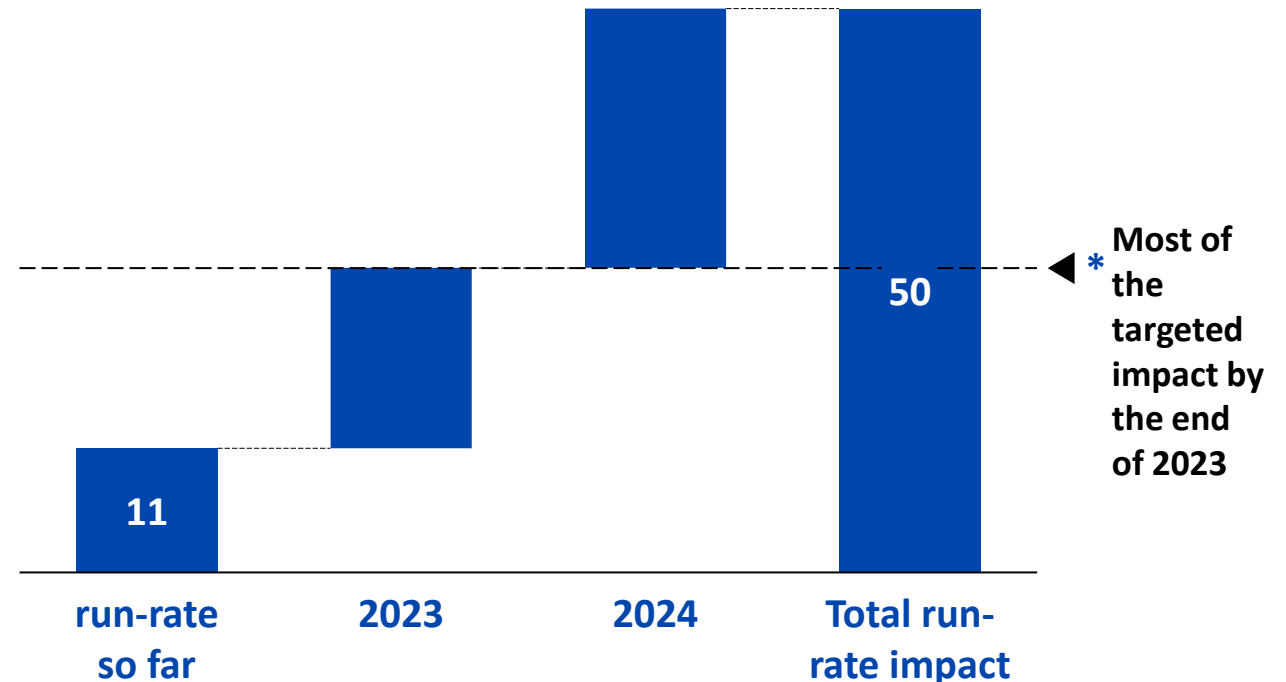
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# Profit improvement program progressing as planned; high confidence in reaching the targeted impact

## IMPLEMENTED MEASURES ESTIMATED TO HAVE AN ANNUAL RUN-RATE IMPACT OF EUR 11 MILL. ON PROFITABILITY IN 2023

- **Key achievements:**
  - New operating model
  - Price increases for corporate and insurance customers
  - Procurement cost savings
  - Increase in uninterrupted care chains and higher utilization rate of referrals
  - Improved level of customer self-service
- One-off costs totalled EUR 4.9 Mill. consisting mainly of restructuring costs and performance-based advisory fees

## TARGETING EUR 50-MILL. ANNUALIZED RUN-RATE PROFIT IMPROVEMENT



# New operating model in full speed, 2023 financial reporting to follow the new structure

Market leading  
profitability

## Healthcare services

Healthcare service  
sales

Physical and digital  
operations

Independent value  
creation

## Portfolio businesses

Outsourcing

Staffing

Dental

Others

Growth mid to  
long-term

## Sweden

Occupational health  
sales

Operations

# Strong operational performance in 2022

**8.5 mill.**

**Customer visits**

**+7% Y-O-Y**

**1.4 mill.**

**Digital appointments**

**+29% Y-O-Y**

**83 NPS**

**appointments**

**HIGH CUSTOMER  
SATISFACTION**

**1.3 mill.**

**individual customers**

**0% Y-O-Y**

**335,000**

**Covid-19 -tests**

**-33% Y-O-Y**

**29 eNPS**

**INDUSTRY LEADING  
EMPLOYEE  
SATISFACTION**

THE FIGURES DO NOT INCLUDE SWEDEN

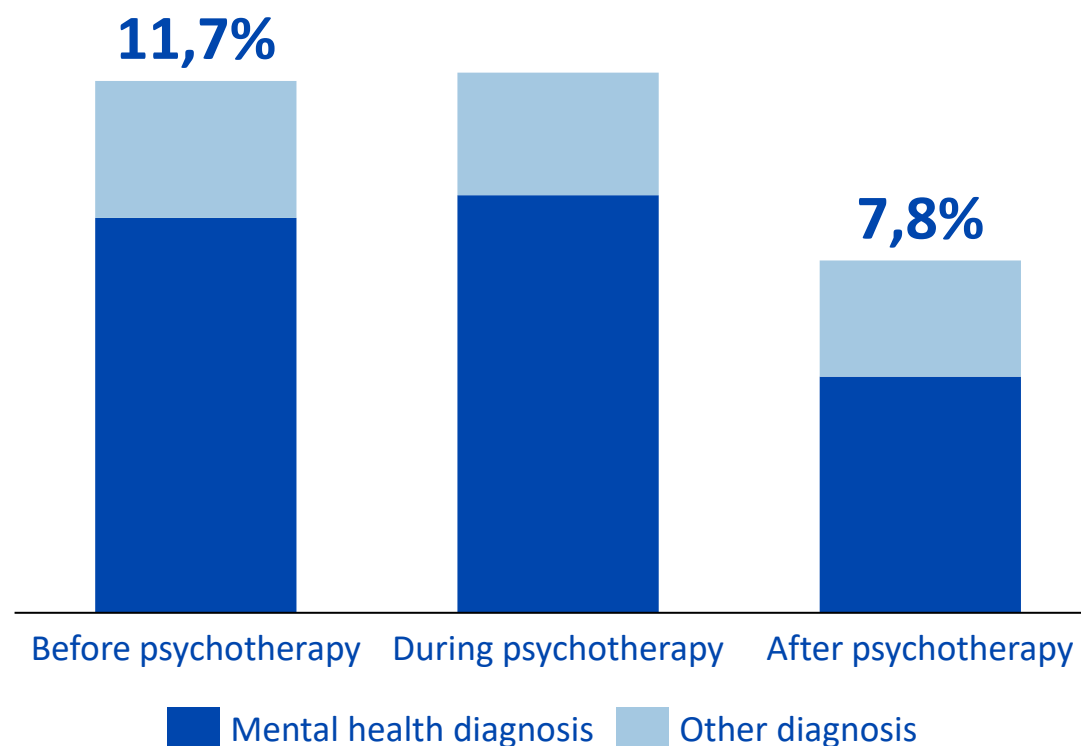


# Our work to develop the effectiveness of treatment is strongly reflected in the results

Terveystalo is a pioneer in building low-threshold mental health services for companies - these services have radically reduced sickness absences related to mental health

- Sick leave days decreased by an average of 7.2 days per person as a result of the therapy
- Half-year ROI 240%, annual ROI 480%

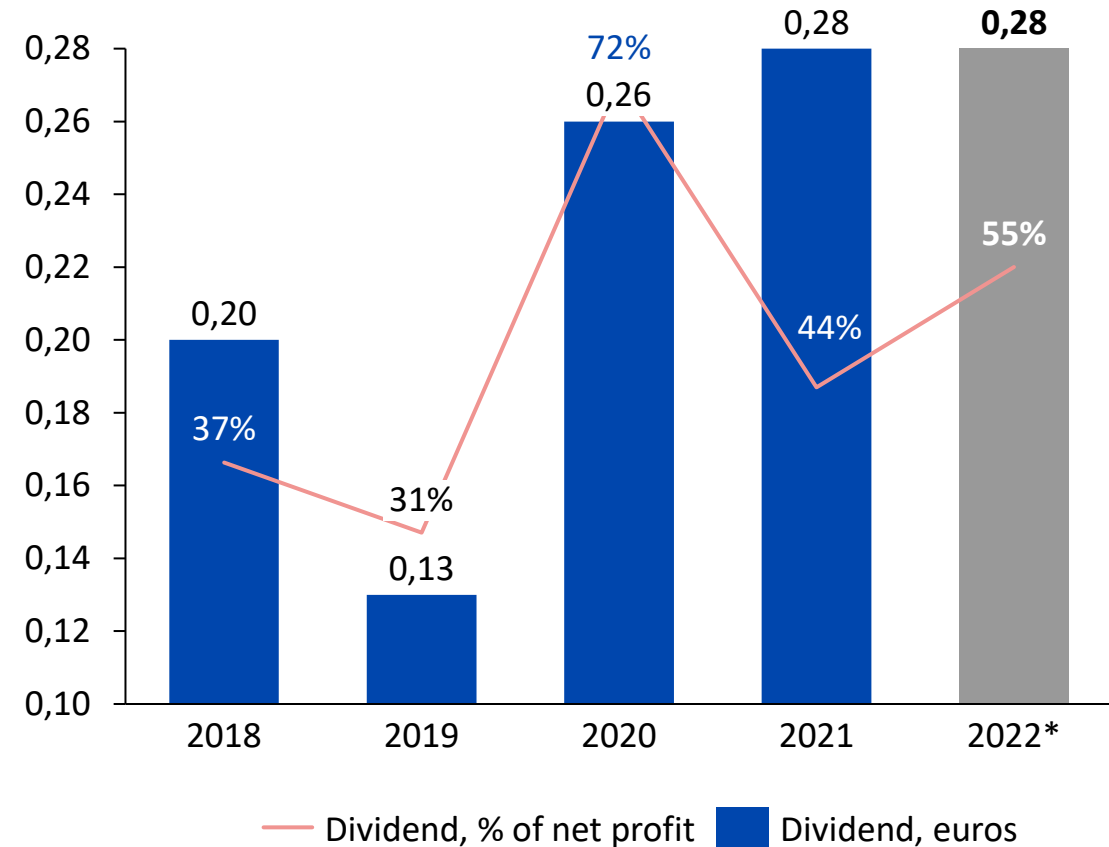
## SICKNESS ABSENCES RELATED TO MENTAL HEALTH DECREASED SIGNIFICANTLY AFTER BRIEF PSYCHOTHERAPY



# We target stable dividends and an increase in total shareholder return

## OUR POLICY IS TO DISTRIBUTE AT LEAST 40% OF NET PROFIT IN DIVIDENDS

- A dividend of EUR 0.28 (0.28) per share is proposed to the AGM, corresponding to 147% (44%) of earnings
- The dividend proposal is based on an adjusted EPS of EUR 0.51, with a payout ratio of 55%



\*Proposed dividend, payout ratio based on adjusted EPS

# Financial performance

JUUSO PAJUNEN, CFO

# Solid financials despite headwinds

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## **Solid revenue growth, EBITA impacted by sales mix and increased costs**

- The full-year 2022 revenue was EUR 1,259 million, + 9% y-o-y
- The full-year 2022 Adj. EBITA was EUR 105.2 million, -25.4% y-o-y and 8.4% of revenue

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## **Disciplined financial strategy and investments**

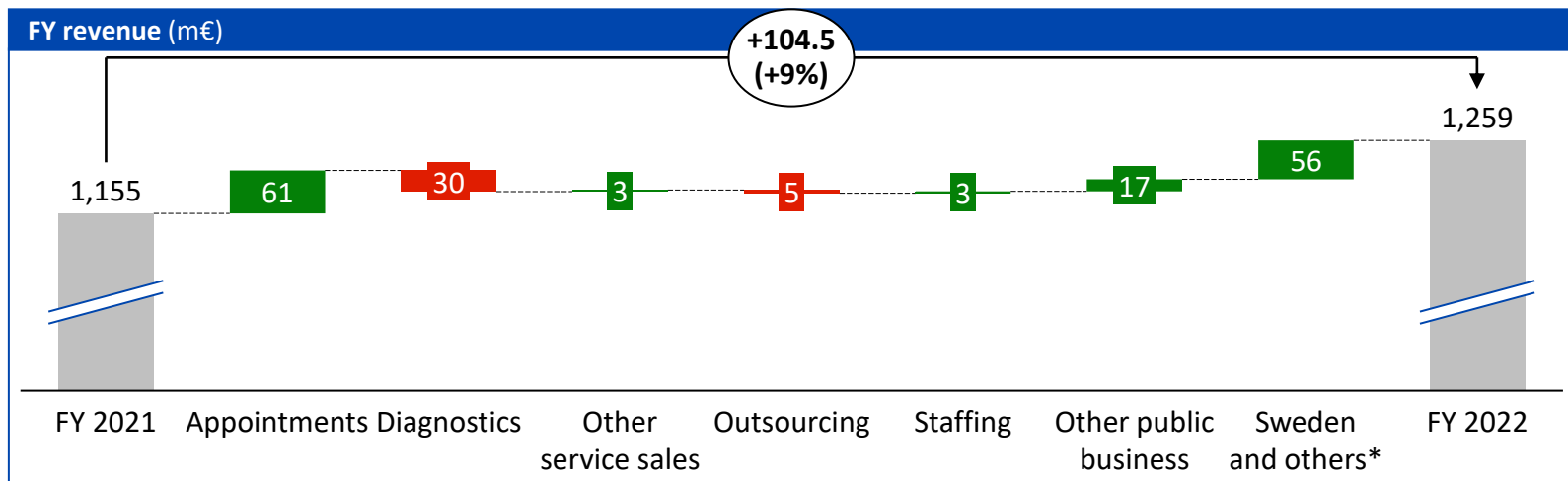
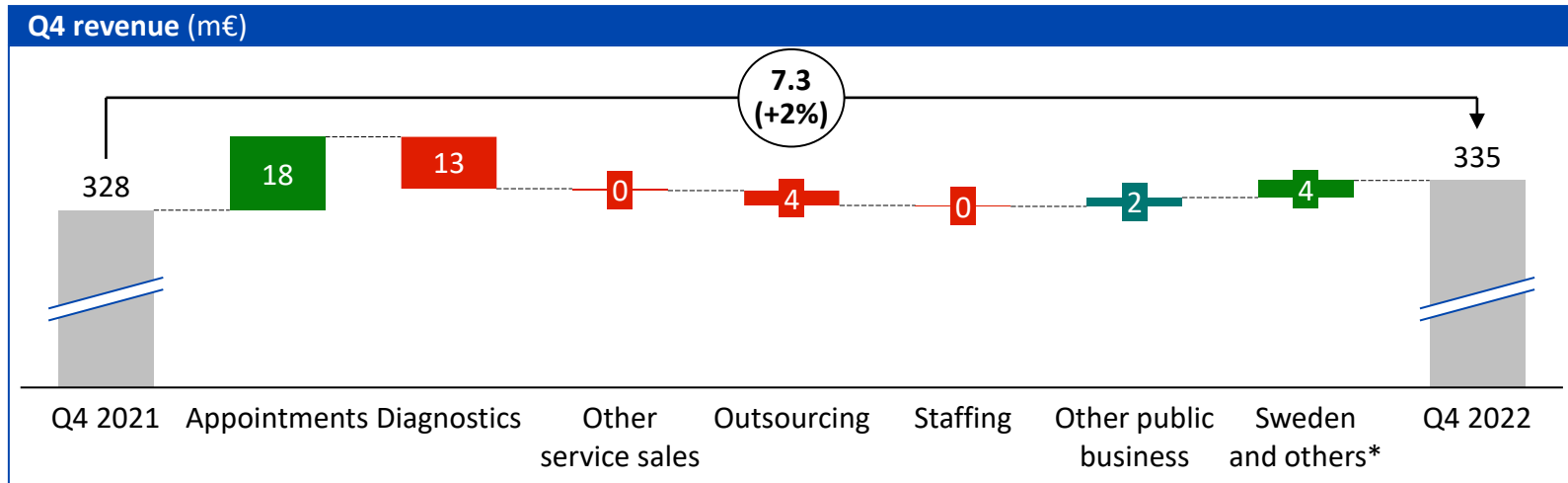
- Net debt/adj. EBITDA 3.2x
- Cash flow from operating activities EUR 141 million
- Gross capex 4.6% of revenue (excluding M&A)

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## **Profit improvement program progressing as planned**

- The measures implemented by the end of 2022 are expected to generate a run-rate EBITA improvement of EUR 11 million in 2023
  - One-off costs totalled EUR 4.9 Mill. consisting mainly of restructuring costs and performance-based advisory fees
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# Revenue growth mainly driven by appointments in Q4 and FY 2022

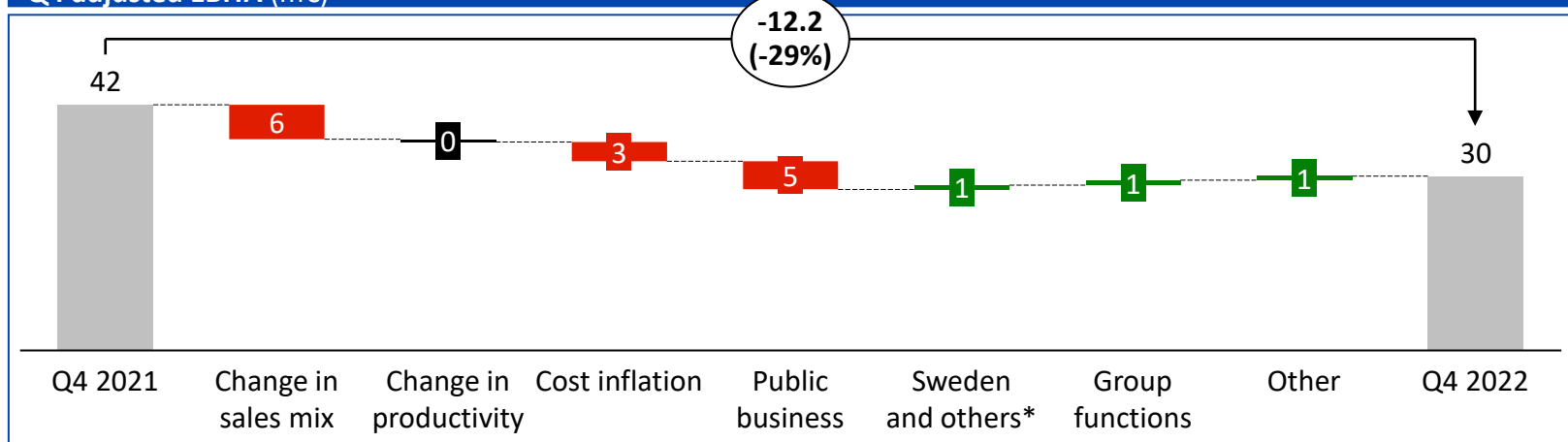


## Q4 revenue was impacted by:

- Reduction of Covid tests by appr. 90,000 pcs
- Supply growth especially in appointments
- Growth of underlying diagnostics from a low base compared to pre-Covid levels
- M&A - Feelgood was consolidated 1<sup>st</sup> July 2021, Q4 impacted negatively also by the weakening SEK/EUR rate

# Weaker sales mix, cost inflation and public business weighted on profitability in Q4 and FY 2022

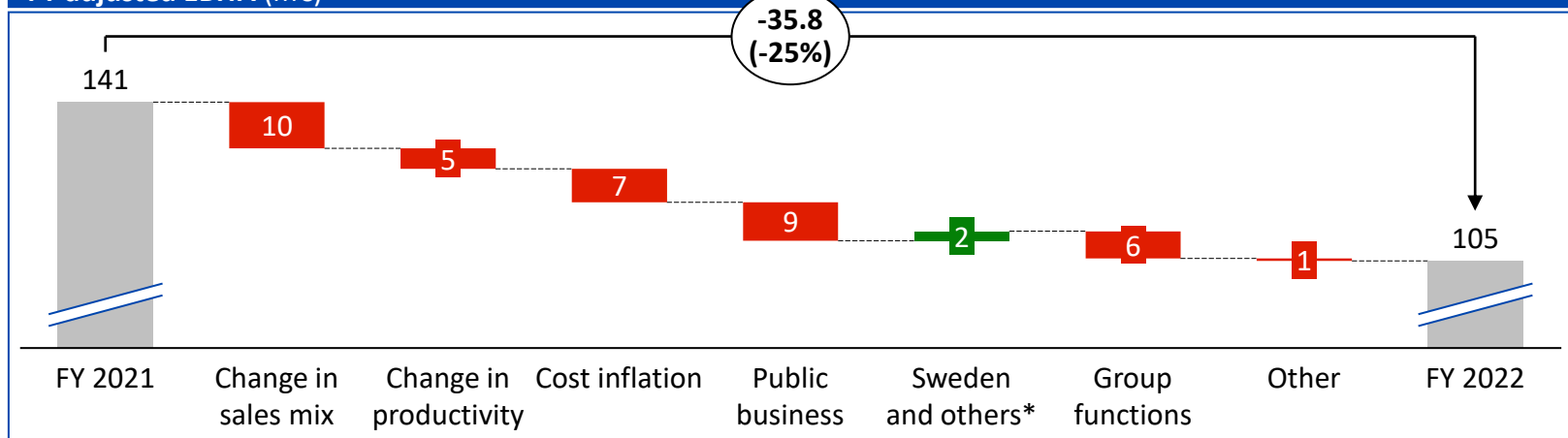
Q4 adjusted EBITA (m€)



## Q4 EBITA was impacted negatively by:

- Reduction of Covid tests by appr. 90,000 pcs
- Inflation, especially related to energy and facilities

FY adjusted EBITA (m€)

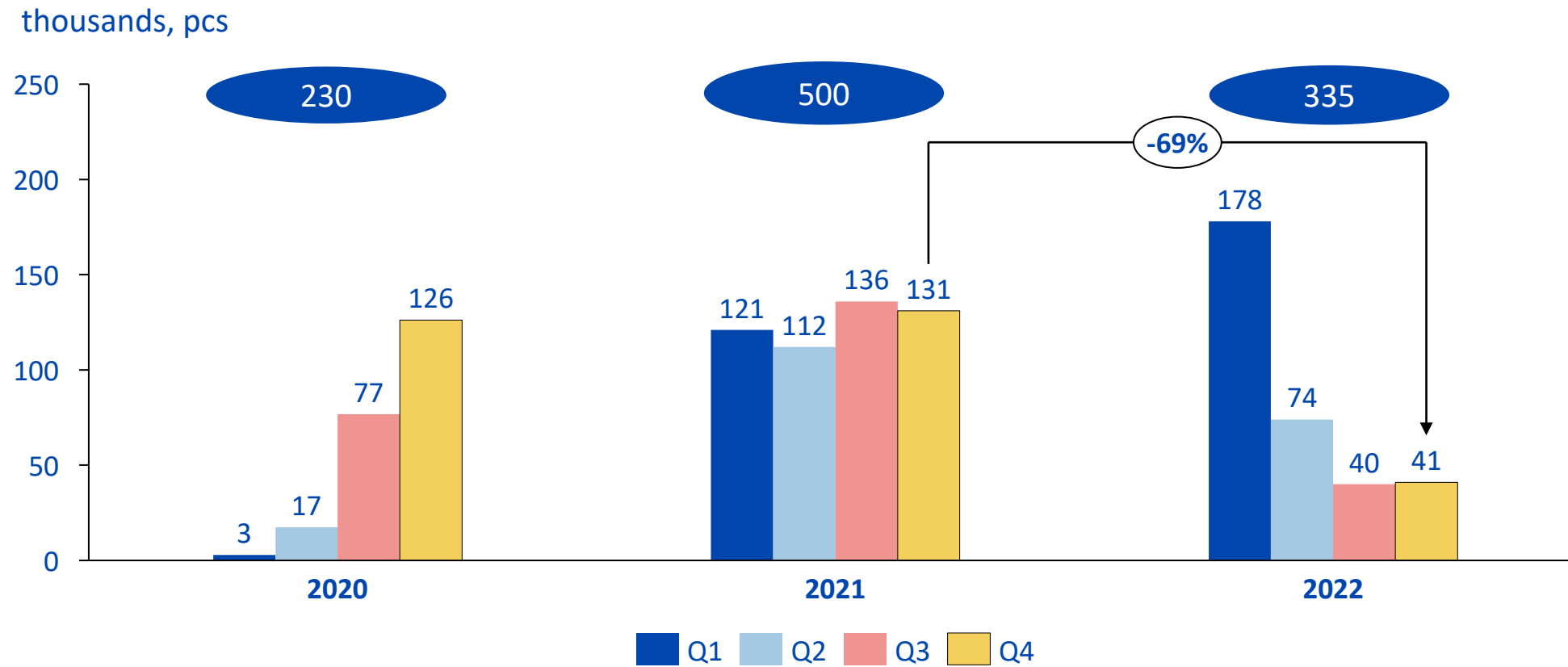


## Q4 EBITA was impacted positively by:

- Growth in underlying diagnostics
- Implemented price increases
- Productivity improvement

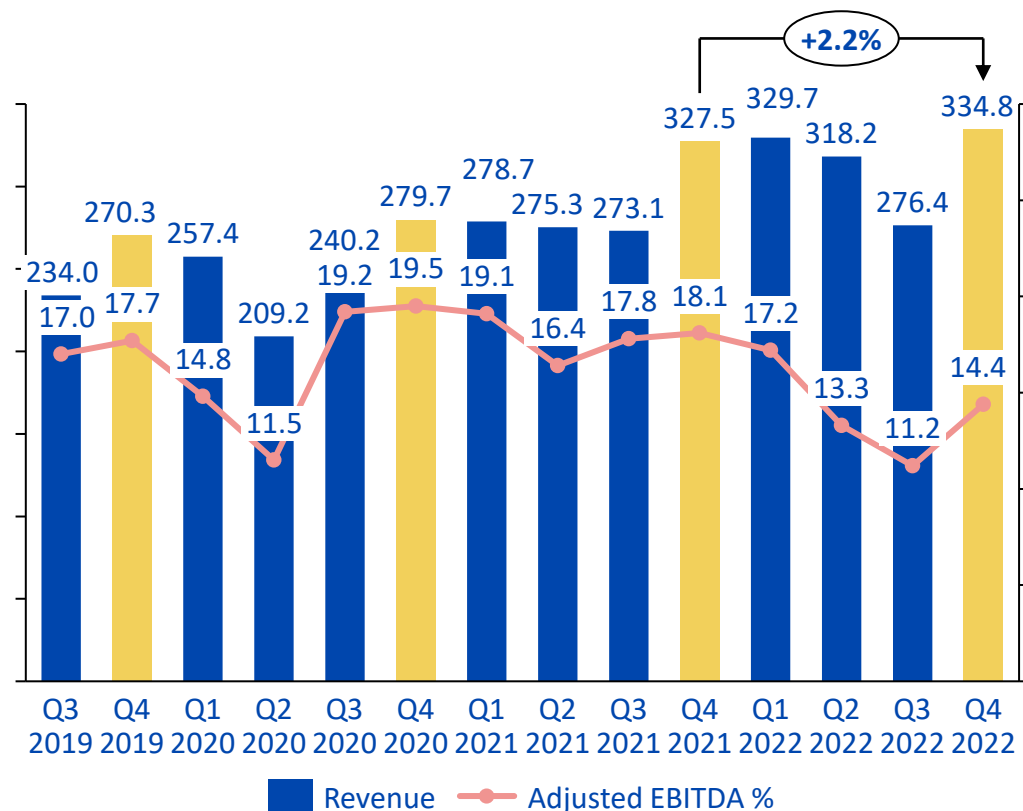


# Covid-19 testing volumes peaked in Q1 2022

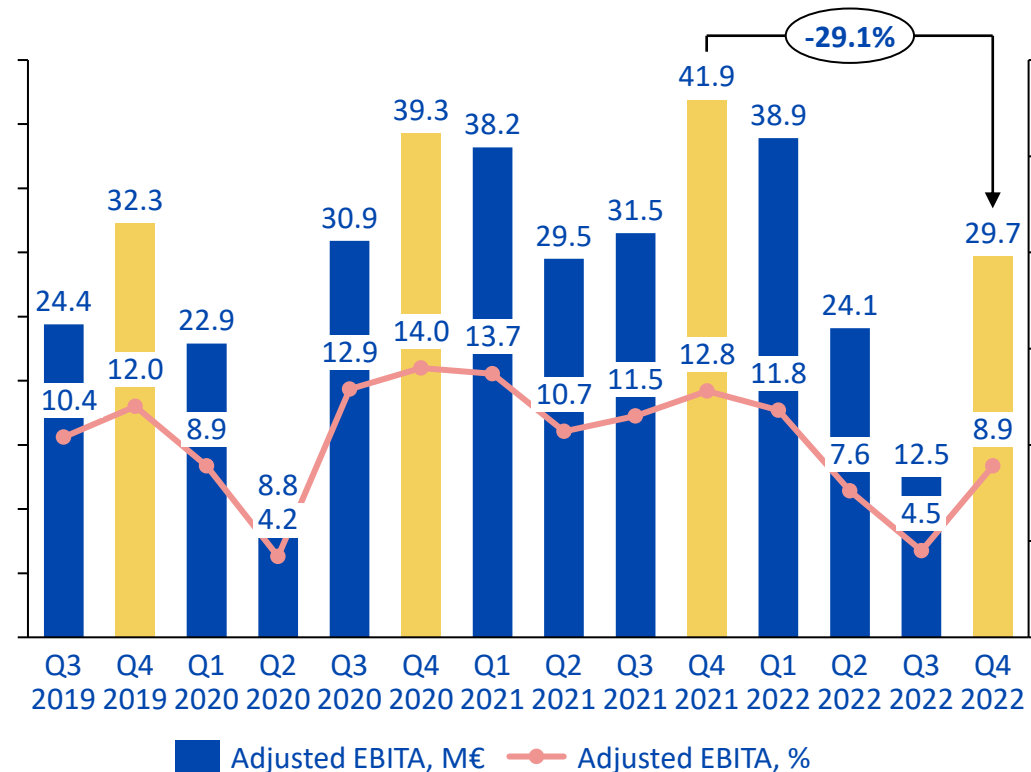


# Q4 profitability weakened due to decline in COVID-testing, changes in the sales mix and increased costs

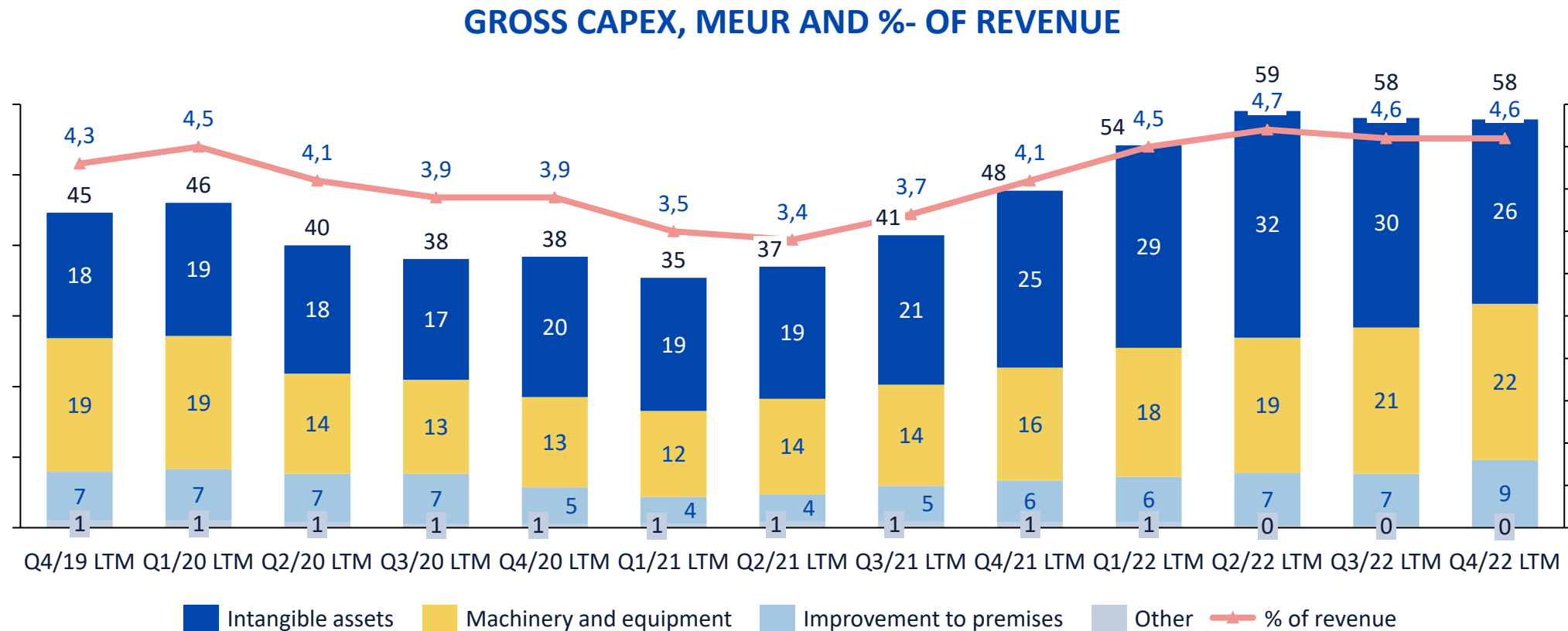
REVENUE, MEUR AND ADJUSTED EBITDA\*-%



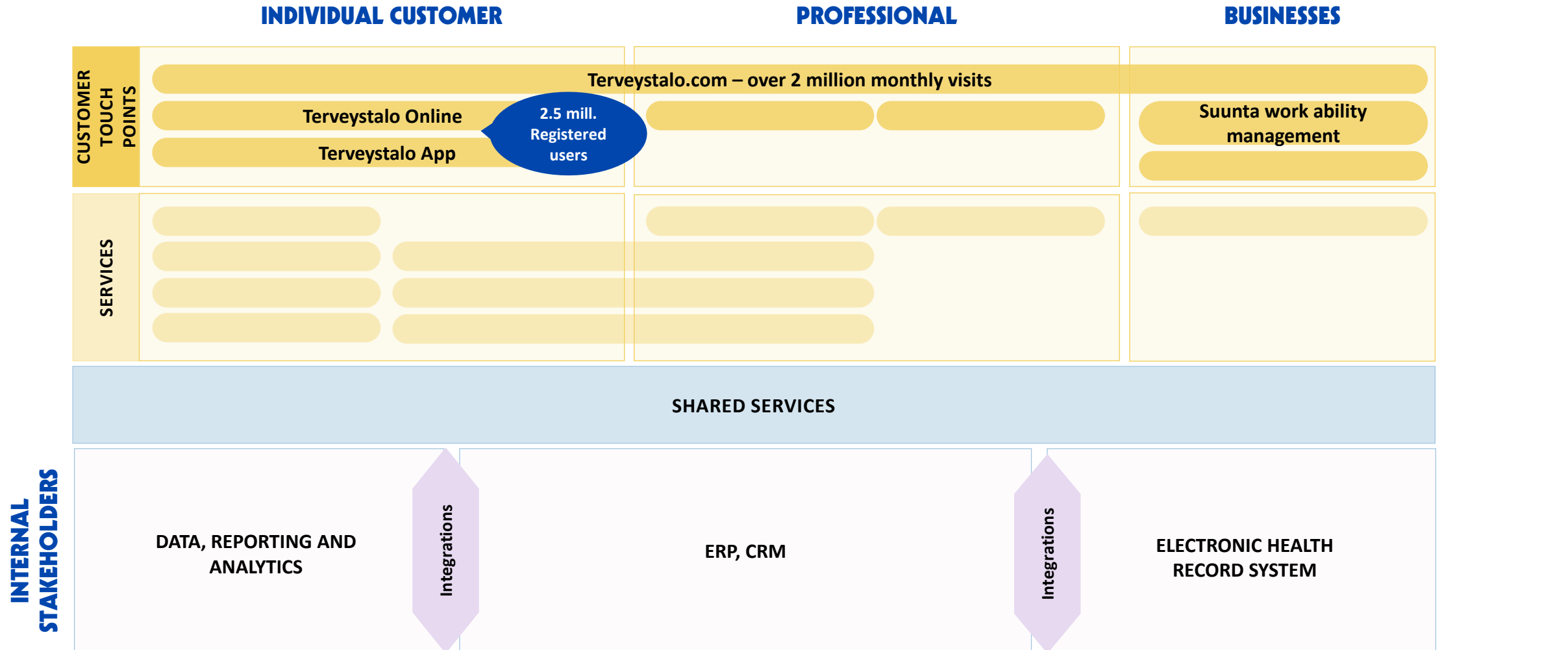
ADJUSTED EBITA\*, MEUR AND %



# Capex to intangible assets decreasing, more investments to premises and equipment

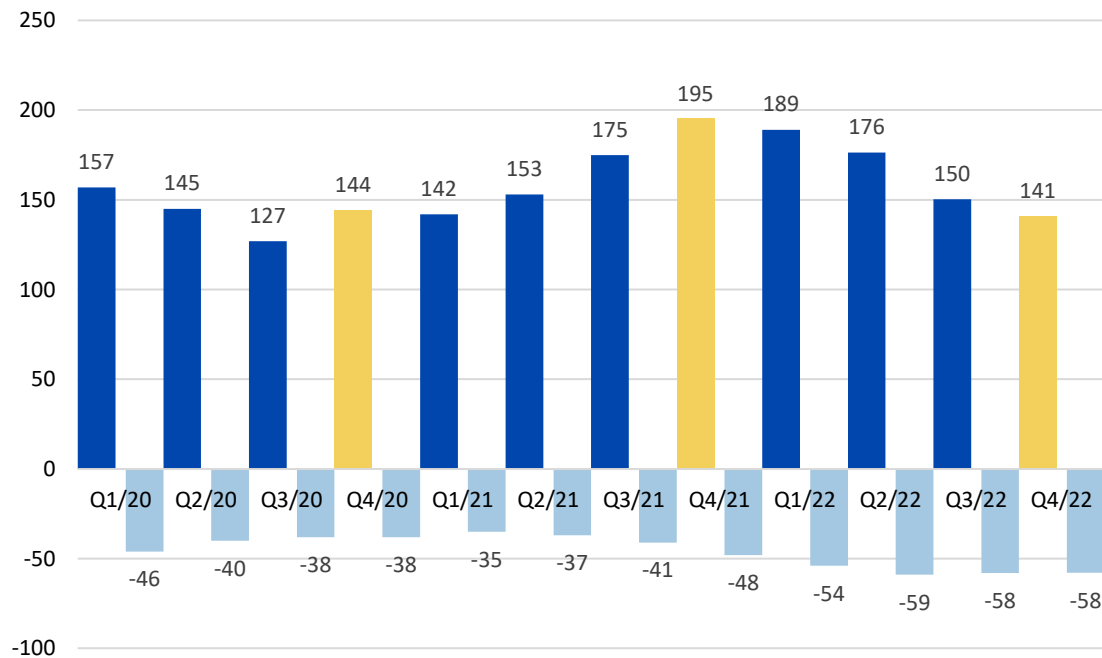


# We are the digital leader in our industry

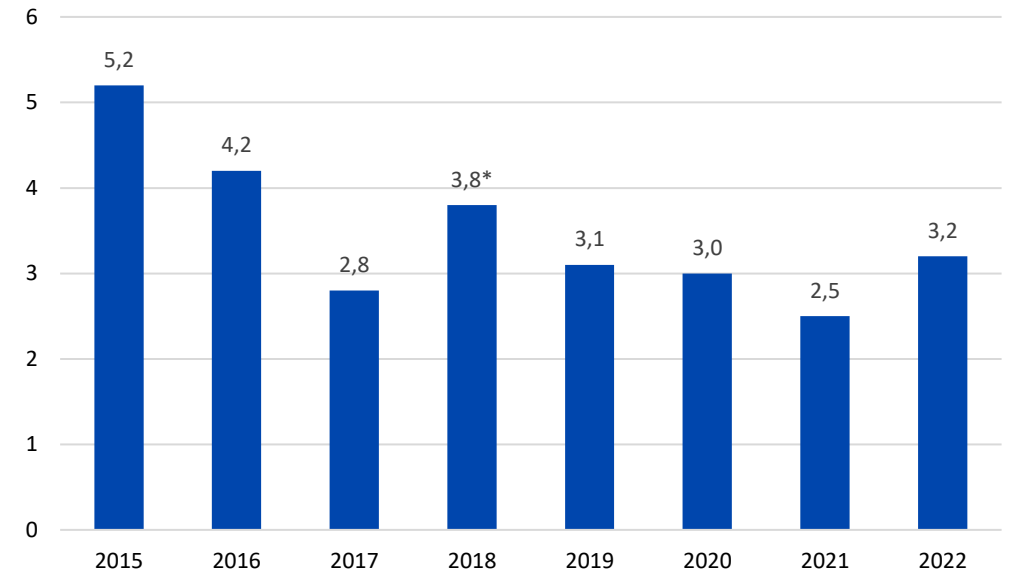


# We maintained strong cash flow, solid balance sheet and credit profile

OPERATING CASH FLOW (LTM), MEUR  
GROSS CAPEX (LTM), MEUR

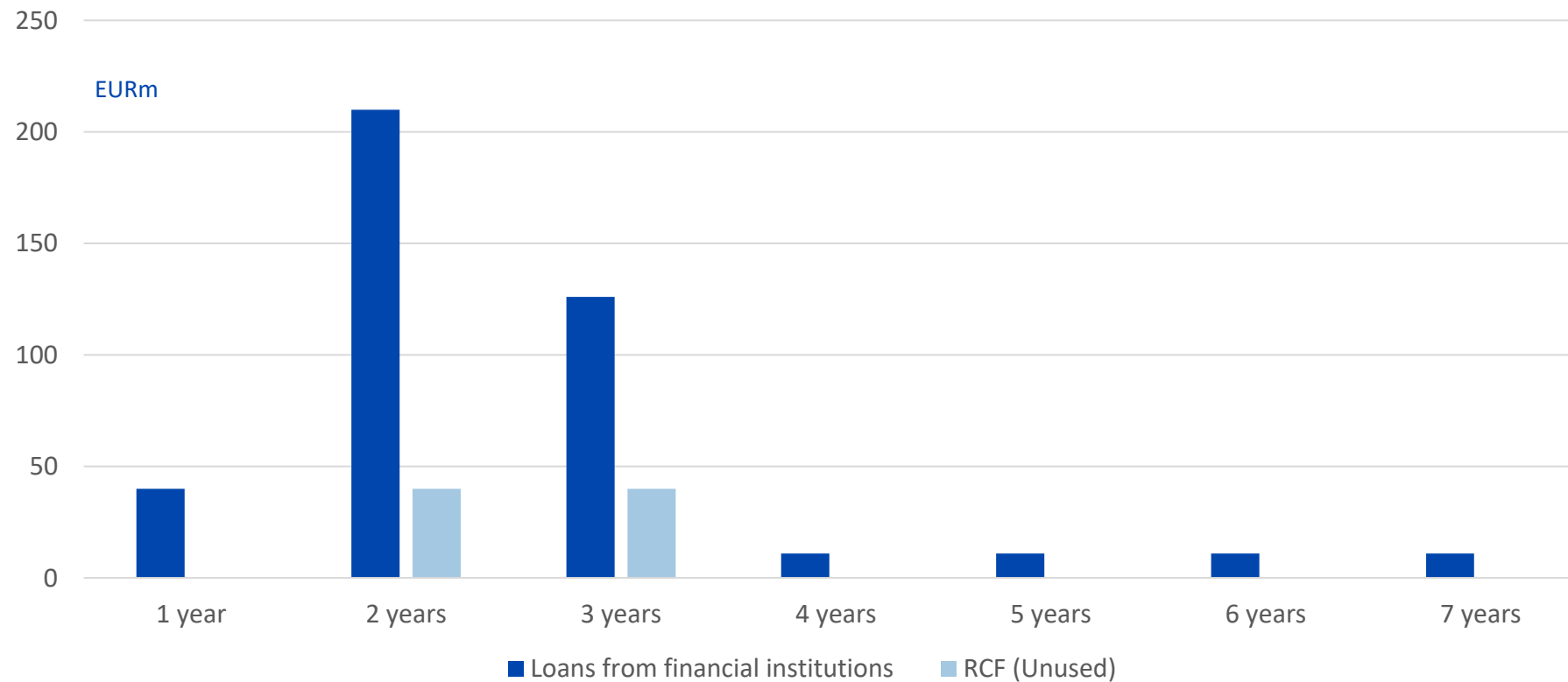


NET DEBT/ADJUSTED EBITDA (LTM)



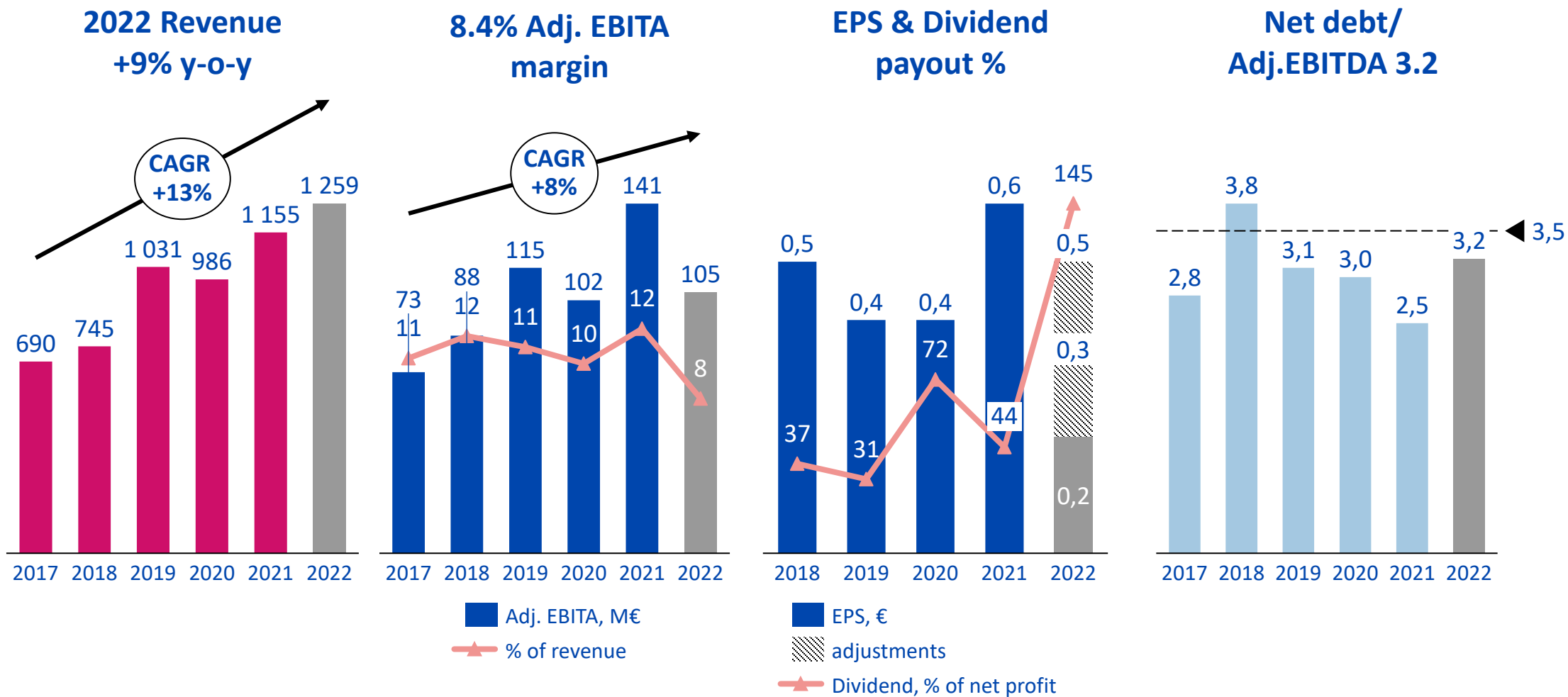
\* Increase in leverage is mainly due to the acquisition of Attendo's Finnish Health Services for an enterprise value of EUR 233m in cash, financed with debt

# Balanced debt maturity profile and diversification between funding sources





# Progress against financial targets



# Sound fundamentals, medium-term financial targets are unchanged

## FINANCIAL TARGETS



### Growth

At least 5% annual growth in revenue



### Profitability

An adjusted EBITA margin of 12–13%



### Indebtedness

Interest-bearing Net debt/Adjusted EBITDA  
not to exceed 3.5 times

## MARKET OUTLOOK\*

- Demand for health services continues to be strong. However, demand is focused on short care pathways and services, the growth of which is limited by supply. A tight labor market and high inflation create growing pressure on operating costs, including wages.
- The demand for Covid-19 related services is expected to decrease and the demand for digital services to continue strong.
- Significant employment and consumer confidence changes may be reflected in demand.

# Focus going forward



**In our core business, we continue implementing the profit improvement program and aim for industry-leading profitability**



**Portfolio businesses aim at independent value creation**



**In Sweden, we aim for significant and profitable growth in the medium term**

**Tieto lisää terveyttä.**

**Terveystalo**

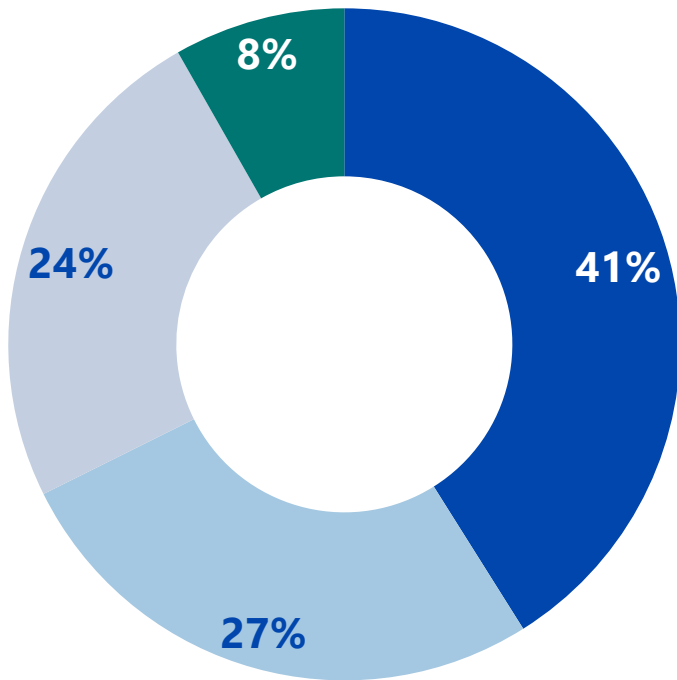
**Save the Date:**  
**Capital Markets Day**

IN HELSINKI, 10 MAY 2023

# Appendix

# Q4 revenue growth driven by Sweden, corporate customers growing in share

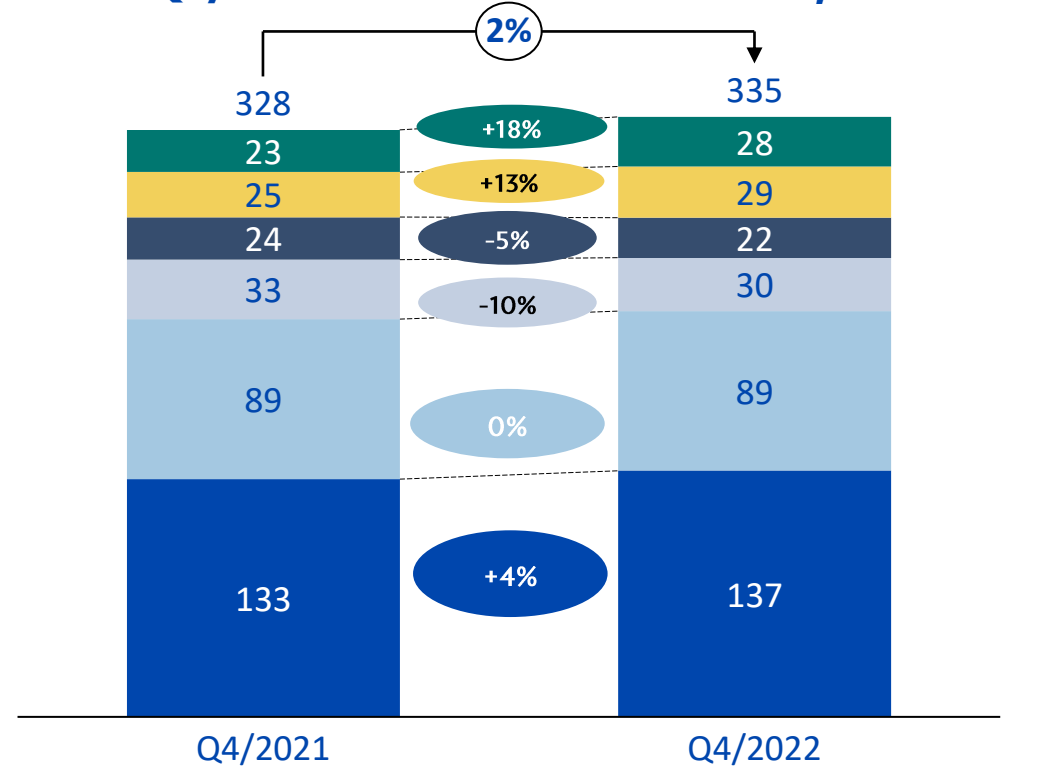
Q4/2022 revenue breakdown, %



■ Corporate    ■ Private  
■ Public    ■ Sweden and others

*Feelgood (Sweden) was consolidated as of 1 July, 2021.*

Q4/2022 revenue breakdown, M€

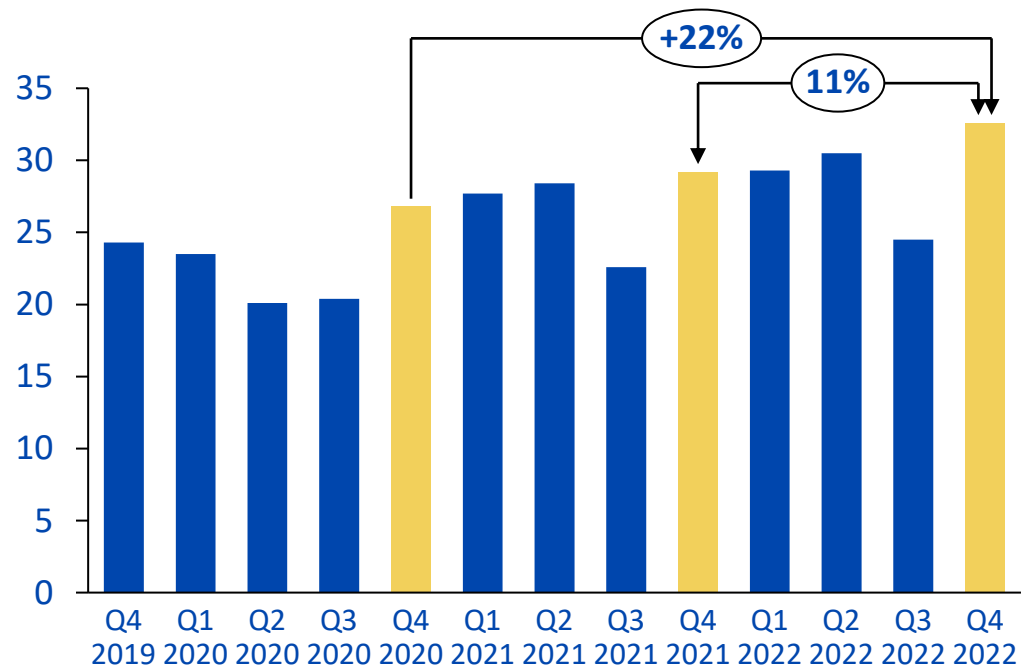


■ Corporate    ■ Private    ■ Outsourcing  
■ Staffing    ■ Service sales, OH and others    ■ Sweden and others

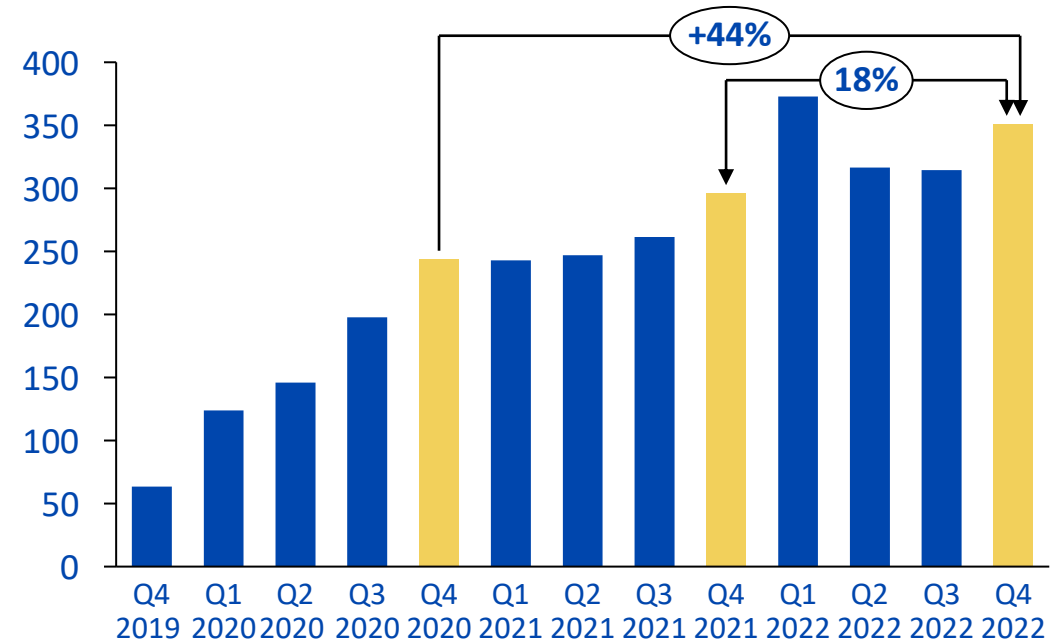


# Well-being and digital continued to grow

WELL-BEING SALES, MEUR

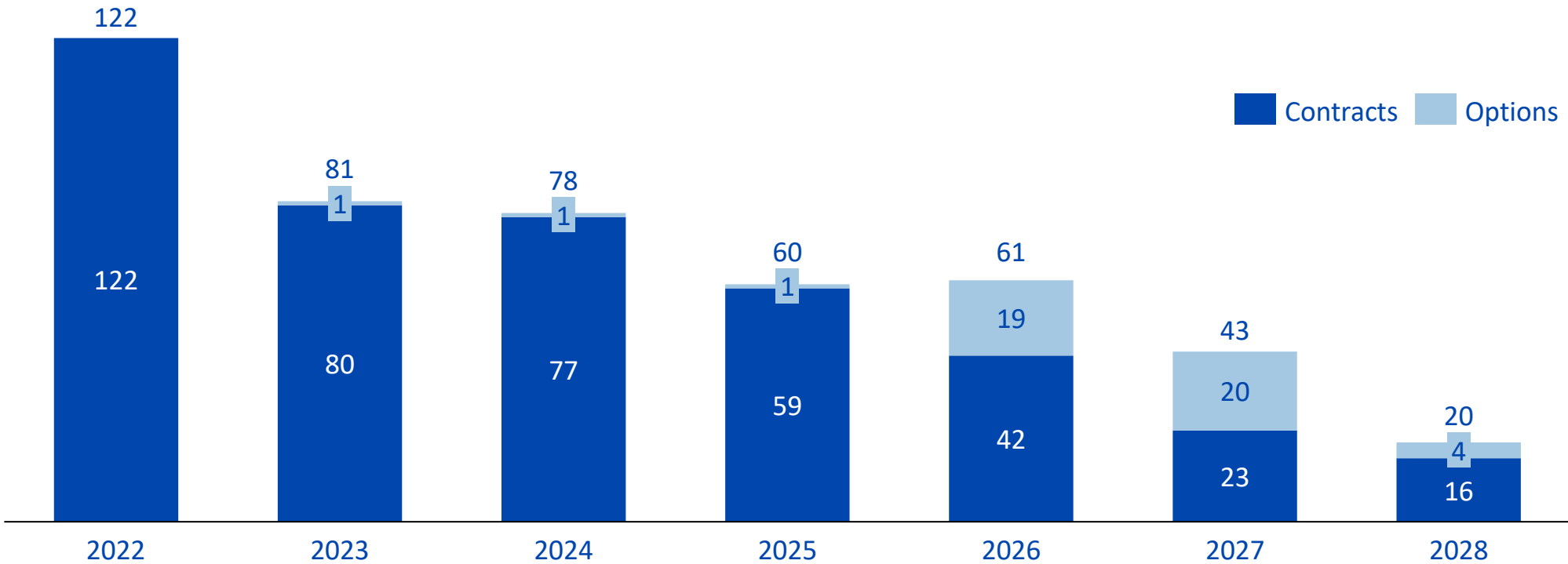


DIGITAL VISITS, THOUSANDS



# The outsourcing contract portfolio will shrink in the coming years as old contracts expire

CONTRACT VALUE INCLUDING OPTIONS, OLD OUTSOURCING CONTRACTS



# Cuts to discretionary spending and profit improvement program launched to combat cost increases

M€	10-12/2022	10-12/2021	Change %	2022	2021	Change %
Revenue	334.8	327.5	2.2	1 259.1	1 154.6	9.0
Other operating income	1.0	1.2	-22.2	2.7	3.4	-20.8
Purchase of materials	-11.7	-10.4	12.6	-44.1	-34.8	26.5
Change in inventories	-1.0	-0.4	131.2	0.2	-0.6	-136.5
External services	-128.1	-125.1	2.4	-481.8	-453.4	6.3
Employee benefit expenses	-120.4	-109.8	9.6	-455.0	-378.2	20.3
Rents, leases and premises	-6.9	-4.7	46.4	-22.9	-18.1	26.3
IT expenses	-10.5	-8.7	20.9	-39.7	-31.7	25.2
Marketing and communication expenses	-1.5	-2.3	-36.5	-8.5	-7.3	16.7
Other operating expenses	-13.5	-9.0	49.0	-41.1	-32.0	28.6
EBITDA	42.2	58.2	-27.5	168.8	201.8	-16.4
Adjustments*	7.3	1.0	>200	39.5	4.3	>200
Adjusted EBITDA	48.0	59.1	-18.8	178.0	206.1	-13.6
EBIT	12.8	33.9	-62.3	33.9	110.1	-69.2

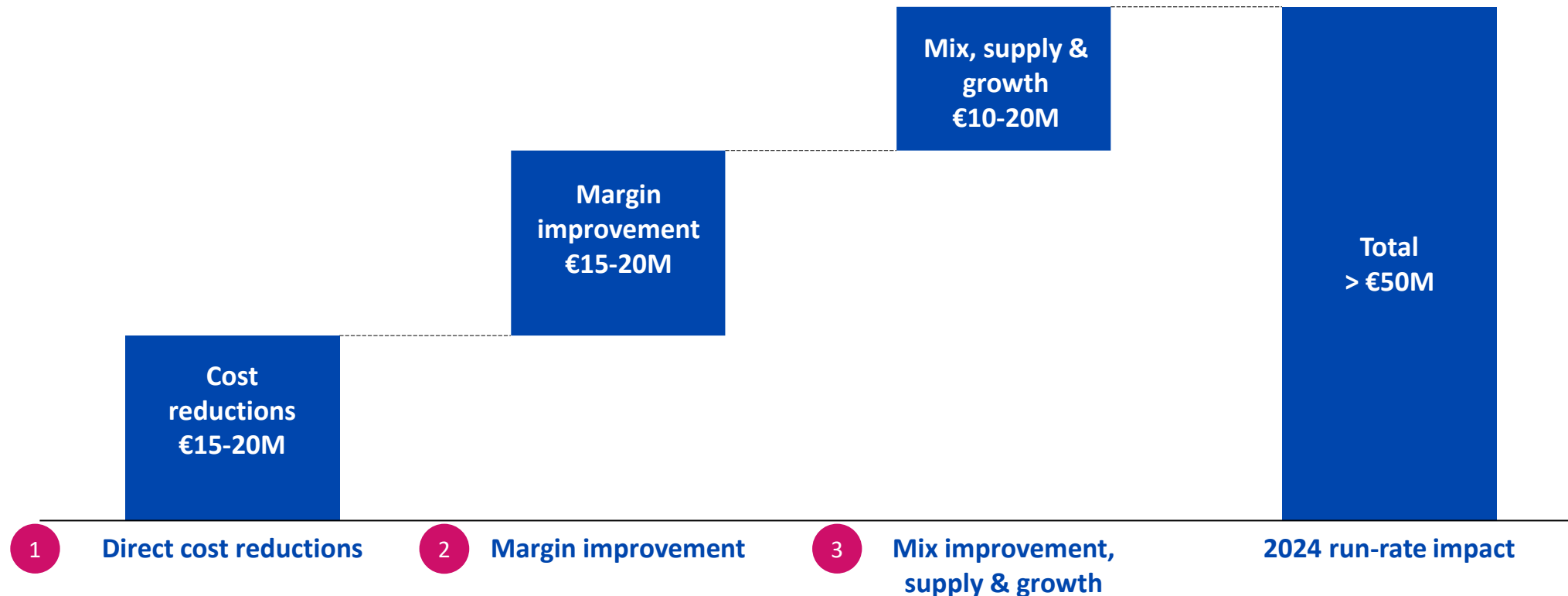
Variable costs

Semi-fixed costs. scalable on a unit level

Fixed costs. scalable on a group level

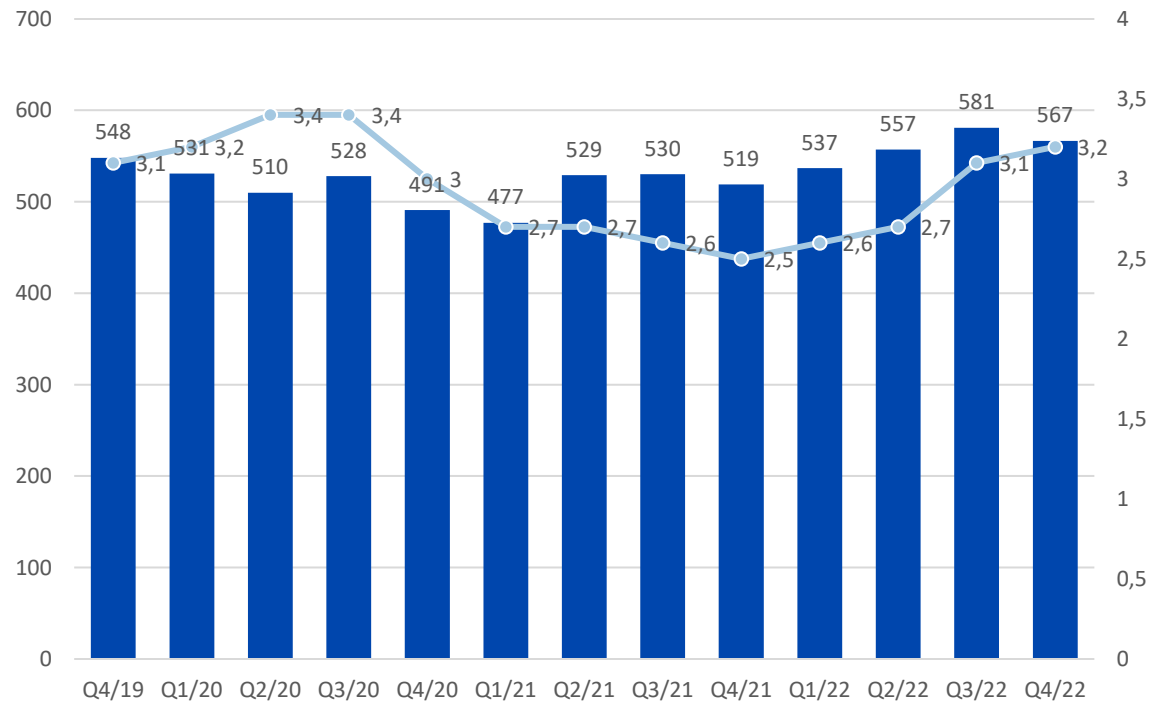
# Recap: Identified sources of Alpha profit improvement to meet €50M annualized run-rate net impact

H2 2022 - 2024 PROGRAM NET IMPACT, AFTER INFLATION

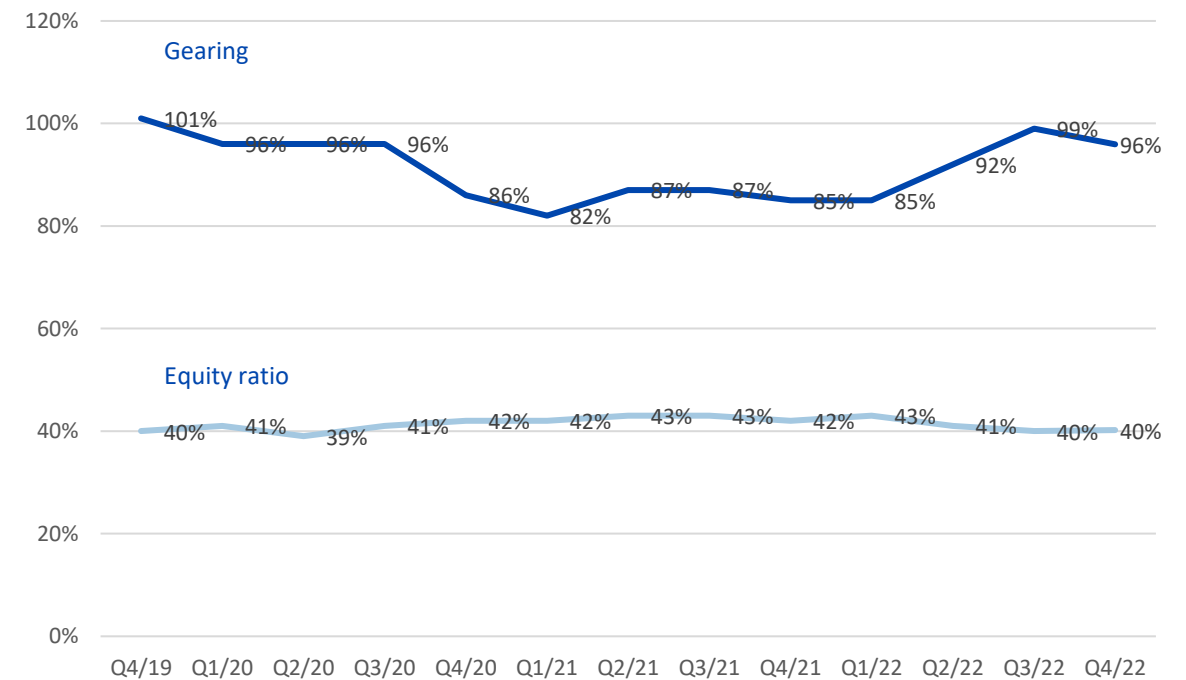


# Disciplined financial strategy

## NET DEBT, MEUR AND NET DEBT / ADJ. EBITDA (LTM)



## EQUITY RATIO, % AND GEARING, %



# Key figures

Terveystalo Group, EUR mill.	2022	2021	2020
Revenue	1,259.1	1,154.6	986.4
Adjusted EBITDA, * 1)	178.0	206.1	162.8
Adjusted EBITDA, % * 1)	14.1	17.8	16.5
EBITDA 1)	168.8	201.8	158.3
EBITDA, % 1)	13.4	17.5	16.1
Adjusted EBITA * 1)	105.2	141	101.9
Adjusted EBITA, % * 1)	8.4	12.2	10.3
EBITA 1)	95.9	136.7	97.4
EBITA, % 1)	7.6	11.8	9.9
Adjusted operating profit (EBIT) * 1)	73.4	114.4	71.6
Adjusted operating profit (EBIT), % * 1)	5.8	9.9	7.3
Operating profit (EBIT)	33.9	110.1	67.2
Operating profit (EBIT), %	2.7	9.5	6.8
Return on equity (ROE), % 1)	4.1	13.6	8.2
Equity ratio, % 1)	40.2	42.2	42.1
Earnings per share (€)	0.19	0.63	0.36
Net debt	566.6	519	490.9
Gearing, % 1)	95.7	85.2	85.9
Net debt/Adjusted EBITDA 1)	3.2	2.5	3.0
Total assets	1,479.4	1,448.6	1 361.0
Average personnel FTE	6,552	5,643	4,900
Personnel (end of period)	10,933	9,805	8,253
Private practitioners (end of period)	5,928	5,754	5,057
Adjusted EBITDA, excluding IFRS 16 * 1)	122.2	156.9	118
Net debt, excluding IFRS 16	386.8	340.6	312.4
Net debt/Adjusted EBITDA, excluding IFRS 16 * 1)	3.2	2.2	2.6

Share related key figures	2022	2021	2020
Equity per share, EUR	4.7	4.8	4.5
Earnings per share (€)	0.19	0.63	0.36
Dividend per share, EUR	0.28	0.28	0.26
Dividend payout ratio, %	145.0	44.3	72.3

\* Adjustments are material items outside the ordinary course of business, and these relate to acquisition related expenses, restructuring related expenses, gain / losses on sale of assets (net), impairment losses, strategic projects and other items affecting comparability.

1) Alternative performance measure. Terveystalo presents alternative performance measures as additional information to financial measures defined in IFRS. Those are performance measures that the company monitors internally, and they provide management, investors, securities analysts and other parties with significant additional information related to the company's results of operations, financial position and cash flows. These should not be considered in isolation or as substitute to the measures under IFRS.



# Feelgood AB key figures before the acquisition by the Terveystalo Group

SEK, thousand	Q1/19	Q2/19	Q3/19	Q4/19	Q1/20	Q2/20	Q3/20	Q4/20	Q1/21	Q2/21
Revenue	204,393	213,110	138,429	220,230	208,448	185,825	125,102	204,733	193,469	206,243
EBITDA	24,371	28,626	-1,612	34,157	24,155	18,486	-464	38,926	20,775	27,167
EBIT	12,921	16,570	-13,704	21,594	11,184	2,778	-13,004	21,787	4,854	11,048
Result before taxes	12,010	15,563	-14,648	20,381	10,301	1,940	-13,814	20,005	3,639	10,136
EBITDA-margin	11.9 %	13.4 %	-1.2 %	15.5 %	11.6 %	9.9 %	-0.4 %	19.0 %	10.7 %	13.2 %
EBIT-margin	6.3 %	7.8 %	-9.9 %	9.8 %	5.4 %	1.5 %	-10.4 %	10.6 %	2.5 %	5.4 %